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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH**

UTAH INSURANCE DEPARTMENT, Complainant, v. ARCHES MUTUAL INSURANCE COMPANY dba ARCHES HEALTH PLAN 5505 South 900 East, Suite 100 Salt Lake City, UT 84117, Company ID.# 170159 Respondent.	STIPULATION AND ORDER Docket No. 2015-120 HL Enf. Case No. 3679 Judge Mark E. Kleinfeld Administrative Law Judge
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STIPULATION

The Utah Insurance Department ("Department"), by and through its legal counsel, and Arches Mutual Insurance Company dba Arches Health Plan ("Respondent"), by and through its Chief Executive Officer, hereby stipulate and agree as follows:

1. Respondent is an active resident health insurance company authorized to do business in the State of Utah under License No. 170159. Respondent's business address is 5505 South 900 East, Suite 100, Salt Lake City, UT 84117.

2. The Department has jurisdiction over the parties and subject matter of this administrative action.

3. Respondent acknowledges notice of agency action pursuant to Utah Code § 63G-4-201; acknowledges that this Stipulation and Order is an informal proceeding pursuant to Utah Code § 63G-4-202; and irrevocably waives the right to any hearing, review or appeal concerning this matter.

4. Respondent is aware of its right to be represented by legal counsel in this matter and has either sought legal counsel or has voluntarily waived its right to do so.

5. This signed Stipulation and the signed Order by the Commissioner or his representative, along with any Findings of Fact and Conclusions of Law, shall not be subject to any reconsideration, renegotiation, modification, hearing or agency review or appeal.

6. The Findings of Fact and Conclusions of Law presented below are accepted by the parties; however, Respondent does not admit to any liability.

7. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.

8. The only promises, agreements and understandings that the parties have regarding this matter are contained in this Stipulation.

9. Respondent enters into this Stipulation voluntarily, knowingly, and free from any coercion of any kind.

10. The persons signing this Stipulation on behalf of the named parties hereby affirm that they are authorized to sign and bind the parties.

Dated this 24th day of September, 2015.


Shaun Greene, Chief Executive Officer
ARCHES-MUTUAL INSURANCE COMPANY

Dated this 24th day of September, 2015


Gary D. Josephson, Assistant Attorney General
UTAH INSURANCE DEPARTMENT

Based upon the foregoing Stipulation and Department file, the Presiding Officer makes the following Findings of Fact:

FINDINGS OF FACT

1. On October 21, 2013, through SERFF, Respondent submitted a Large Group filing to the Department. On October, 24, 2013, the Department notified Respondent that the filing required corrections. In Response, Respondent stated its intention to resubmit a corrected filing but failed do so until January 13, 2015.

2. On March 16, 2015, the Department issued objections to Respondent's January 13, 2015 filing concerning mental health parity. This prompted the Department to initiate an investigation of Respondent in regards to policies actually issued to policyholders.

3. On June 19, 2015, the Department contacted Respondent regarding its non-compliant 2013 Large Group filing. The Department requested data and an explanation regarding the names of the groups enrolled in Large Group coverage, effective dates, and premiums collected for each large group.

4. On June 30, 2015, Respondent provided an explanation and the requested data. Based on the information received, it was revealed that Respondent enrolled 24 Large Groups (9,138 individuals) into insurance coverage from October 2013 through June 2015. Respondent collected \$12,691,845.91 in premiums during that time period.

5. On July 1, 2015, the Department requested that Respondent provide the policy, certificate of coverage, and insurance applications for three of the Large Groups for which it had issued coverage. On July 2, 2015, Respondent provided the requested information to the Department, which confirmed that Respondent had issued coverage to Large Groups on forms that were not filed with the Department.

6. On July 17, 2015, the Department and Respondent representatives met to discuss the investigation issues. In the meeting, Respondent was unable to provide an explanation as to why a corrected Large Group filing was not submitted until January, 2015. Respondent also stated that it had used its Small Group forms, which were filed with the Department, to issue Large Group policies. Also discussed was the fact that certain policies were not in compliance with state and federal statutes on parity in mental health coverage.

7. The Department's investigation found that, during the time period of January 1, 2014 through December 31, 2014, Respondent issued 18 Large Group policies. The policy forms that were issued to these groups excluded state and federal required inpatient mental health

treatment coverage. However, the investigation also determined that claims made under these policies were adjudicated in compliance with the applicable laws.

8. Respondent has had no prior administrative action in Utah and was very cooperative with the Department during the investigation of this matter.

9. The Department and Respondent have agreed to an administrative forfeiture in the amount of \$87,000.00.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. Respondent violated Utah Code Section 31A-21-201 when it failed to properly submit Large Group Form filings to the Department for the period October, 2013 through January, 2015.

2. Respondent violated Utah Code Sections 31A-23a-402 and 31A-22-625; and U.S.C. 42 Section 300gg-26 when it issued policies to 18 Large Groups that excluded required inpatient mental health treatment coverage and issued policies containing misinformation.

3. Respondent violated Utah Admin. Code R590-220-7 when it issued 18 policies that did not contain unique form numbers to properly identify the policies being issued.

4. Because of the number of insureds involved, an administrative forfeiture in the amount of \$87,000.00 is appropriate under the circumstances of this administrative matter.

Based upon the Findings and Fact and Conclusions of Law, the Presiding Officer enters the following Order:


ORDER

IT IS HEREBY ORDERED:

1. Respondent shall pay an administrative forfeiture to the Department in the amount of \$87,000.00. The forfeiture shall be paid in three equal and consecutive monthly payments of \$29,000.00 each, with the first payment due on or before November 1, 2015; the second payment due on or before December 1, 2015; and the final payment due on or before January 1, 2016.
2. Respondent shall not commit any further violations of the insurance laws referenced in this Stipulation and Order.

DATED this 24 day of September, 2015.

TODD E. KISER
Insurance Commissioner


MARK E. KLEINFELD
Administrative Law Judge
Utah Insurance Department

NOTIFICATION TO RESPONDENT

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 per day for continued violation.


You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.

CERTIFICATE OF MAILING

The undersigned hereby certifies that on this date, a true and correct copy of the foregoing **STIPULATION AND ORDER** was mailed, postage prepaid, to the following:

DATED this 24th day of September, 2015.

ARCHES HEALTH PLAN
5505 SOUTH 900 EAST, SUITE 100
SALT LAKE CITY, UT 84117
ATT: SHAUN GREENE



LINDA HARDY
UTAH INSURANCE DEPARTMENT
STATE OFFICE BUILDING, ROOM 3110
SALT LAKE CITY, UT 84114-6901



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Insurance Department

UTAH Invoice - Original

NATHAN JOHNS
ARCHES MUTUAL INSURANCE COMPANY dba ARCHES
HEALTH PLAN
5505 S 900 E STE 100
SALT LAKE CITY UT 84117-3525

Printed Date: September 24, 2015
Invoice Date: September 24, 2015
Balance Due: \$87,000.00
Due Date: October 29, 2015
Invoice ID: 804248
Payor ID: 170159

Date	Item Description	Amount
09-24-2015	Monetary Penalty Company	\$87,000.00

E-Case 3679 Docket 2015-120 HL Payments to be made in three equal and consecutive monthly payments of \$29,000 each with first payment due Nov. 1 2015.

No Adjustments

No Payments

Balance Amount Due \$87,000.00

UTAH Invoice - Original

Make check payable to: Utah Insurance Department
Send payment to:
Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901

Invoice Date: September 24, 2015
Balance Due: \$87,000.00
Due Date: October 29, 2015
Invoice ID: 804248
Payor ID: 170159

E-Case 3679 Docket 2015-120 HL Payments to be made in three equal and consecutive monthly payments of \$29,000 each with first payment due Nov. 1 2015.

Detach and Return this Voucher with Payment
Payments Will Not Be Processed without Voucher